

# PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

DOMENIC J. F. RUSSO, *Chairman*

JOSEPH E. CONNARTON, *Executive Director*

Auditor SUZANNE M. BUMP | PHILIP Y. BROWN, ESQ. | JOHN B. LANGAN | JAMES M. MACHADO | DONALD R. MARQUIS | ROBERT B. MCCARTHY

## MEMORANDUM

TO: Amesbury Retirement Board

FROM: Joseph E. Connarton, Executive Director

RE: Approval of Funding Schedule

DATE: May 23, 2014

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made in equal monthly installments from July to December each fiscal year. The schedule is effective in FY15 (since the amount under the prior schedule was maintained in FY15) and is acceptable under Chapter 32.

We note that your investment return assumption continues to be 8.25%. We reduced the “standard” investment return assumption used in local system valuations we perform to 7.75% beginning with our January 1, 2013 actuarial valuations. About half of the Chapter 32 systems are now using an assumption under 8.0%. We expect about 75% of systems will be using an assumption under 8.0% by the end of this year. We recommend the board consider reducing this assumption in the next actuarial valuation.

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666-4446, extension 921.

Enc.



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## Appropriation Forecast

Fiscal		Employer	Amortization	Employer	Employer		
Year		Employee	Normal Cost	Payments	Total Cost	Total Cost	Funded
Ending	Payroll*	Contribution	with Interest	with Interest	with Interest	% of Payroll	Ratio %**
2015	\$12,333,598	\$1,053,952	\$525,518	\$2,898,046	\$3,423,564	27.8	53.6
2016	\$12,826,942	\$1,107,011	\$535,009	\$2,990,128	\$3,525,137	27.5	54.6
2017	\$13,340,020	\$1,162,628	\$544,418	\$3,111,273	\$3,655,691	27.4	56.1
2018	\$13,873,620	\$1,220,924	\$553,725	\$3,237,332	\$3,791,057	27.3	57.7
2019	\$14,428,565	\$1,282,023	\$562,904	\$3,368,506	\$3,931,410	27.2	59.3
2020	\$15,005,708	\$1,346,056	\$571,932	\$3,505,002	\$4,076,934	27.2	60.9
2021	\$15,605,936	\$1,413,161	\$580,782	\$3,549,756	\$4,130,538	26.5	62.6
2022	\$16,230,174	\$1,483,480	\$589,425	\$3,693,312	\$4,282,737	26.4	64.3
2023	\$16,879,381	\$1,557,164	\$597,829	\$3,842,682	\$4,440,511	26.3	66.1
2024	\$17,554,556	\$1,634,369	\$605,963	\$3,998,099	\$4,604,062	26.2	68.0
2025	\$18,256,738	\$1,715,259	\$613,791	\$4,159,810	\$4,773,601	26.1	70.0
2026	\$18,987,007	\$1,800,005	\$621,276	\$3,937,714	\$4,558,990	24.0	72.2
2027	\$19,746,488	\$1,888,787	\$628,378	\$4,095,223	\$4,723,601	23.9	74.1
2028	\$20,536,347	\$1,981,791	\$635,054	\$4,259,032	\$4,894,086	23.8	76.2
2029	\$21,357,801	\$2,079,213	\$641,258	\$4,429,393	\$5,070,651	23.7	78.4
2030	\$22,212,113	\$2,181,258	\$646,943	\$4,606,569	\$5,253,512	23.7	80.8
2031	\$23,100,598	\$2,288,140	\$652,056	\$4,790,832	\$5,442,888	23.6	83.4
2032	\$24,024,622	\$2,400,083	\$656,543	\$4,982,465	\$5,639,008	23.5	86.2
2033	\$24,985,607	\$2,517,320	\$660,346	\$5,181,764	\$5,842,110	23.4	89.3
2034	\$25,985,031	\$2,640,096	\$663,403	\$5,389,034	\$6,052,437	23.3	92.5
2035	\$27,024,432	\$2,768,666	\$665,648	\$5,604,596	\$6,270,244	23.2	96.1
2036	\$28,105,409	\$2,903,298	\$667,011	\$0	\$667,011	2.4	100.0
2037	\$29,229,626	\$3,044,270	\$667,418	\$0	\$667,418	2.3	100.0
2038	\$30,398,811	\$3,191,875	\$666,790	\$0	\$666,790	2.2	100.0
2039	\$31,614,763	\$3,319,550	\$693,462	\$0	\$693,462	2.2	100.0
2040	\$32,879,354	\$3,452,332	\$721,200	\$0	\$721,200	2.2	100.0
2041	\$34,194,528	\$3,590,425	\$750,048	\$0	\$750,048	2.2	100.0
2042	\$35,562,309	\$3,734,042	\$780,050	\$0	\$780,050	2.2	100.0
2043	\$36,984,801	\$3,883,404	\$811,252	\$0	\$811,252	2.2	100.0
2044	\$38,464,193	\$4,038,740	\$843,702	\$0	\$843,702	2.2	100.0
2045	\$40,002,761	\$4,200,290	\$877,450	\$0	\$877,450	2.2	100.0
2046	\$41,602,871	\$4,368,302	\$912,548	\$0	\$912,548	2.2	100.0

\* Calendar basis

\*\* Beginning of Fiscal Year